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Paging Dr. Cafta

Congress should change its Rx for free trade

By Thomas G. Donlan

"NAFTA -- WE HAFTA," was one of the more successful free-trade slogans of the 1990s. Now there's a need for a new one: "Dr. Cafta, we hafta do it again."

Dr. Cafta is how the cognoscenti of Washington, D.C. designate the free-trade agreement for the Dominican Republic plus Costa Rica, Nicaragua, El Salvador, Honduras and Guatemala in Central America. It will come up for votes in the U.S. Senate and House of Representatives soon, if the Bush administration spends the political capital to twist some arms for needed votes. (Although it's the result of international negotiation, the measure is not a treaty, which only would need ratification by the Senate. It's a change in U.S. trade law, which requires the approval of both houses of Congress.)

If it's approved, Dr. Cafta will help continue the political progress made in Central America since the end of the civil wars of the 1980s and improve rather sparse delivery on the economic hopes accompanying peace. Thousands of apparel-industry jobs in the six nations covered by the proposed free-trade agreement are threatened by Chinese competition. Dr. Cafta would reduce the landed price of their products without reducing their wages to Chinese levels.

Unfortunately, Dr. Cafta is being held hostage by the U.S. sugar industry, which jealously guards its protected position. And behind the sugar curtain are the corn growers and corn processors.

Free trade could open the door to some low-cost sugar imports, which might knock down the high prices U.S. sugar farmers enjoy from production allotments and import quotas. Lower sugar prices might also reduce the market for high-fructose corn syrup, the cheap industrial sweetener that's in most soda pop and many processed foods.

The Bush administration is trying too hard to reason with the U.S. sugar growers. Dr. Cafta does not really open the door; it limits sugar imports from the six countries to 1% of U.S. production. In a ridiculous echo of American price-support programs that have paid farmers not to grow crops, the administration is willing to pay Latin Americans not to send their sugar to our shores.

Lawmakers protecting sugar, or corn, or anything else, are hurting more Americans than they are helping.

In addition to Canada and Mexico, the U.S. also has a free-trade agreement with Chile and others are pending with Panama and several other countries. An overall Free Trade

Area of the Americas is stalled, unfortunately, but it will never get moving if the Congress halts Dr. Cafta.

More importantly, the bogged-down Doha Round of the World Trade Organization talks are supposed to address the reduction of European and American export subsidies and import protections of a broad range of agricultural products. It will be very hard for other countries to believe that the U.S. intends to globalize all agricultural markets if it won't even countenance a little pain in its sugar market.

Dr. Cafta's medicine is more likely to help American agriculture than hurt it. The six countries could be eager consumers of cheap U.S. grain and meat if they lower their import barriers. Of course, the beneficiaries will be the American industries and services that find new customers in newly opened markets.

Don't tell a worker at a Caterpillar factory he is better off because the bulldozer he works on faces a 100% tariff to enter a Central American country. Don't tell a Central American factory worker how much better off he is because his country has miserable roads and expensive food. Call Dr. Cafta.

In successful free-trade negotiations, we agree to stop doing silly things that hurt our economy if our trading partners agree to stop doing silly things that hurt their economies. Let's stop being silly and call Dr. Cafta -- now.